

DE-031-64

23 July 1964
NO CHANGE IN CLASS. **A**
CLASS. CHANGED TO: **YS & P**
NEXT REVIEW DATE: **2011**
AUTH: NS 10-2
DATE: **7/8/81** REVIEWER: **064540**

MEMORANDUM OF NEGOTIATION

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SUBJECT: Contract GA-1853 with [redacted]

1. On 22 July 1964 [redacted]

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[redacted] negotiated with the undersigned Contracting Officer for an extension of the effort under the subject contract beyond 30 June 1964 including a new subcontract with [redacted].

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2. A copy of the Contractor's quote is attached. While the Contractor quotes a full years program for the prime effort under their estimate, T-14309, covering [redacted] Operation the Contracting Officer advised [redacted] that the technical representative, [redacted] had no basis for continuing the contract requirement beyond December 1964. In separate conversations with [redacted] the Contracting Officer was advised that the effort with [redacted] might end upon completion of [redacted] subcontract which is anticipated to be in November 1964. There is available for funding the prime contract the sum of [redacted] made available in Category II of the ASG/OEL budget (see [redacted] memorandum of 4 June 1964 to Chief, Contracts Division, OSA). This sum was intended to cover [redacted] effort from 1 July 1964 through August 1964 at which time [redacted] advised that additional FY-65 funds would be available to cover an extension of the [redacted] effort. Funds to cover the subcontract with [redacted] were made available in Chief, ASG/OEL memorandum of 6 April 1964 to Chief, Contracts Division, OSA. This memorandum made available [redacted] of FY-65 [redacted] money for a contract with [redacted], however the initial effort with [redacted] was limited to [redacted] and accordingly the balance of the [redacted] was made available by [redacted] for other purposes including [redacted] to cover the [redacted] subcontract with [redacted].

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3. In view of the monetary limitations as well as the time limitations it was agreed with [redacted] that the [redacted] extension would be handled on a quarterly basis, that is to say that the extension would provide for contract services for the first quarter of FY-65. Based upon subsequent conversations with [redacted] however, it was agreed that the [redacted] effort could be written through 30 December 1964 subject, however, to availability of funds.

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4. The Contractor's quote for the prime effort was submitted in the amount of [redacted] which was intended to cover the full time effort of [redacted] for a total of 5,800 man-hours of effort for one year. Part time clerical effort was quoted at 561 man-hours. The overhead rate of [redacted] was that approved by the cognizant audit group. This rate plus the labor rates, G&A, advanced engineering had previously been reviewed by [redacted] Headquarters audit representative, who had performed a complete audit review of the [redacted] contract is preparation for the Contractor's proposal for continuation

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of the effort. The Contractor quoted [] for advanced engineering and [] for G&A. Fixed fee for the prime effort was quoted at []

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5. A fixed fee of [] and a G&A burden of [] were negotiated for the subcontract effort. In its earlier quote the Contractor had proposed the full G&A on the subcontract effort, however the Contractor was informed that unless G&A could be reduced it would not be possible to handle the [] work as a subcontract. As a result of the negotiations then the total mark up on the subcontract was negotiated at []

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6. As a result of the negotiations the total price for one years prime effort by [] and the subcontract with [] was agreed upon at [] including a fixed fee of []. The rate of fixed fee on the total effort is []. While the [] represents the cost of the total program it was agreed with the Contractor that the extension of work would be limited to a six month effort which would include [] for the [] subcontract and [] for the [] prime effort for a total of [] including fixed fee. The fee of [] on the [] portion of the effort is considered reasonable in view of the fact that this contract calls for the full time effort of three of the [] engineers specifically in EMW Operations. This is a straight engineering effort with no production, follow-on or material procurement other than travel.

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7. As a result of the foregoing negotiations, contract GA-1853 will be extended for a six month period through 31 December 1964 which will cover the completion of the subcontract effort with []. Notwithstanding the period of performance the amendment will specifically limit the Contractor's prime effort from a funding standpoint in as much as only [] is available to cover the prime effort through 31 August 1964. Prior to that date additional funds will have to be added before the Contractor can continue work. Because of the difference in the application of G&A between the prime effort and the subcontract effort the Contractor requested that two amendments be written, one to cover the prime effort, the other one to cover the subcontract effort. Since the Contractor's prime effort has been reduced by one-half, the amendment will specify 2,900 man-hours of engineering effort in lieu of 5,800 man-hours and 280 man-hours of clerical effort in lieu of 561.

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[]

Contracting Officer

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1913308 Follow-on

WORK STATEMENT

STATINTL

[REDACTED] OPERATION

Provide continued consultant service in accordance with the basic work statement of June 1963.

Briefly this includes:

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a. Staff planning aids in the form of recommended [REDACTED] capabilities and employment doctrines.

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b. Time sequential planning outputs providing for the overall management of an effective, continuing [REDACTED] program.

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